

## Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 TRSE-00 NSCE-00 USIE-00 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 ITC-01 PRS-01 SP-02 FEAE-00

OMB-01 OPIC-03 XMB-02 INRE-00 /085 R

DRAFTED BY EB/IFD/OIA:TRBRODERICK

APPROVED BY EB/IFD/OIA:ECONSTABLE

ARA/APU:JSMITH (SUBS)

TREASURY:JBUSHNELL

EB/IFD:PBOEKER

TREASURY:GPARSKY

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O 101449Z MAR 76

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES IMMEDIATE

C O N F I D E N T I A L STATE 058028

E.O. 11652: GDS

TAGS: EINV, AR

SUBJECT: EXPROPRIATION CASES

REF: STATE 11922

1. IN VIEW OF SHORT TIME REMAINING BEFORE EXPIRATION OF  
60-DAY PERIOD FOR EVALUATION OF PROGRESS TOWARD RESOLVING  
OUTSTANDING INVESTMENT DISPUTES IN ARGENTINA (MARCH 16),  
EMBASSY IS URGENTLY REQUESTED TO MAKE FOLLOWING POINTS TO  
GOA AT HIGHEST APPROPRIATE LEVEL:

A. ON JANUARY 16 USG REPS MET WITH AMBASSADOR VAZQUEZ TO  
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DISCUSS CASES OF EXPROPRIATED U.S. FIRMS IN ARGENTINA

AND ARGENTINA'S CONTINUED ELIGIBILITY FOR GENERALIZED PREFERENCES (GSP) UNDER THE TRADE ACT OF 1974. AT THAT TIME, WE SUGGESTED VARIOUS POSSIBLE SOLUTIONS TO THESE CASES, AS WELL AS A NUMBER OF CONCRETE STEPS SHORT OF RESOLUTION, WHICH THE GOA MIGHT CONSIDER TAKING WITHIN THE NEXT 60 DAYS TO ASSURE ARGENTINA'S CONTINUED ELIGIBILITY FOR GSP.

B. THE 60-DAY PERIOD ENDS ON TUESDAY, MARCH 16, AND, FROM THE INFORMATION PRESENTLY AVAILABLE TO US, THERE DOES NOT APPEAR TO HAVE BEEN SUFFICIENT PROGRESS TO SUPPORT A

FINDING THAT ARGENTINA IS TAKING THE STEPS REQUIRED BY THE ACT TO DISCHARGE ITS OBLIGATIONS TO U.S. PROPERTY OWNERS UNDER INTERNATIONAL LAW. WE RE-EMPHASIZE THAT, IN ORDER TO SUPPORT SUCH A FINDING, WE NEED A FINAL RESOLUTION OF AT LEAST ONE CASE, AND EVIDENCE OF PROGRESS TOWARD RESOLVING EACH OF THE OTHERS.

C. THE GOA HAS INDICATED THAT IT INTENDS CHASE MANHATTAN TO BE THE CASE RESOLVED DEFINITELY. HOWEVER, A DECREE PROVIDING PROMPT AND EFFECTIVE COMPENSATION FOR EXPROPRIATION OF CHASE'S ARGENTINE SUBSIDIARY HAS YET TO BE SIGNED BY ECONOMY MINISTER MONDELLI, MUCH LESS BY THE PRESIDENT. WE URGE THE EXECUTIVE BY MARCH 16 TO APPROVE AND TAKE THE STEPS NECESSARY FOR SUCH A DECREE TO BECOME EFFECTIVE. WE WOULD ALSO LIKE TO HAVE THE TEXT OF THIS DECREE AS SOON AS IT IS AVAILABLE.

D. IN ADDITION TO A FINAL DECREE IN THE CASE OF CHASE MANHATTAN, WE CONSIDER IT ESSENTIAL TO HAVE CONCRETE PROGRESS IN THE ITT CASE. THIS MIGHT CONSIST OF PERMISSION FOR CSEA TO LAY-OFF IDLE WORKERS, THE ACTUAL PLACING OF FIRM NEW ORDERS WITH CSEA (ACCOMPANIED BY AN AGREED MEANS OF FINANCING THE PURCHASES), OR APPROVAL FOR THE TRANSFER OF PROCEEDS FROM THE SALE OF THE SHERATON HOTEL.

E. CONCERNING DELTEC, ALTHOUGH WE ARE ENCOURAGED BY THE RECENT COURT OF APPEALS DECISION, WE URGE THE GOA TO TAKE ACTION PROMPTLY IN THIS CASE TO PROVIDE FOR CONFIDENTIAL

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LIQUIDATION. WE ARE INTERESTED IN BEING INFORMED HOW AND WHEN THIS IS INTENDED TO BE DONE.

F. WE ARE DISAPPOINTED AT THE APPARENT LACK OF PROGRESS IN RESOLVING THE EXXON CASE, AND ENCOURAGE THE GOA TO MOVE PROMPTLY IN THE MANNER PREVIOUSLY SUGGESTED TO AMBASSADOR VAZQUEZ.

G. IN THE ABSENCE OF REPORTED PROGRESS BY MARCH 16 ALONG THE LINES INDICATED, WE WILL BE UNABLE TO AVOID A FINDING THAT ARGENTINA IS NOT COMPLYING WITH THE REQUIREMENTS OF THE ACT, AND WILL BE OBLIGED TO SO INFORM THE PRESIDENT PROMPTLY. FOLLOWING ANY SUCH NOTIFICATION, ARGENTINA COULD LOSE ITS ELIGIBILITY FOR GSP IN DUE COURSE. IN ADDITION, AS PREVIOUSLY POINTED OUT, ANY SUCH DECISION WOULD HAVE SERIOUS IMPLICATIONS FOR THE APPLICATION OF OTHER LEGISLATION CALLING FOR THE USG TO SUSPEND BILATERAL ASSISTANCE AND TO VOTE NEGATIVELY ON LOANS UNDER CONSIDERATION IN MULTILATERAL DEVELOPMENT BANKS (THE HICKENLOOPER AND GONZALEZ AMENDMENTS, RESPECTIVELY).

2. SUBSTANCE OF THIS MESSAGE TRANSMITTED IN WASHINGTON MARCH 9 BY STATE DEPARTMENT OFFICIALS (ARA) TO ZALDUENDO (PRESIDENT OF ARGENTINE CENTRAL BANK), SIMONE ( FINANCIAL MINISTER AT ARGENTINE EMBASSY), AND MEDUS ( DIRECTOR GENERAL FOR NORTH AMERICAN AFFAIRS IN FOREIGN MINISTRY).  
KISSINGER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATIONALIZATION, DISPUTES, BUSINESS FIRMS, FOREIGN INVESTMENTS, FOREIGN POLICY POSITION  
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**Copy:** SINGLE  
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**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
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**To:** BUENOS AIRES  
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